



# Side Lights

ON

# Cable Routes.

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REPRINTED FROM

The **ELECTRICAL REVIEW** of September 23rd and 30th, 1898

1898

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# Side Lights on Cable Routes.

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## I.

As a study of what we may fairly enough call an unsuccessful intrigue, we commend to the attention of our readers a report printed in June last by order of the Speaker of the Cape of Good Hope Parliament, headed "Copies of Communications that have passed between the Government of the Cape Colony, the Imperial Government, and the Eastern Telegraph Company, on the subject of a Deep-Sea Cable *viâ* the Cape, with extension to Australia." The frank audacity of some of the proposals advanced by the Eastern Telegraph Company and its backers, would come as an amusing relief in the perusal of these letters, were it only new, but for those who have any knowledge of the methods by which in the East and in Australasia these companies have gradually acquired their present monopoly, the freshness of the style has altogether disappeared.

To lay the matter clearly before those who may not care to wade through these letters, we may state shortly that they refer to certain proposals made by the Eastern, Eastern Extension, and Eastern and South African Telegraph Companies, to the Imperial Government, and to the Governments of Cape Colony and of the Australian Colonies. Of these cable companies, the Eastern, and the Eastern and South African are practically one in all but name, and are both under the able management of Mr. J. Denison Pender, who is also a director of the Eastern Extension Telegraph Company, the interests of which are most closely allied with those of the other two companies, the Marquis of Tweeddale being chairman of this, as well as of the Eastern Company.

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The community of interests above indicated obviously calls for joint action in cases of need. Now, for some years past (since about the time of the Transvaal difficulty), the telegraph lines to the Cape and South Africa generally, have given much trouble, and caused much dissatisfaction, owing to the frequent breakages; these lines run along both the east and west coasts of Africa, the Eastern and South African owning all those on the east, and a portion of those on the west coast. This company, therefore, suffers both in purse and credit, owing to the frequent interruptions, which besides, might possibly make the laying of an opposition cable necessary, thus entailing serious competition, reduced rates, and consequent loss. Such a position clearly requires remedy. The allied Eastern Extension Company also is not free from the serious danger of competition, should a cable over which they have no control be laid between Australia and Canada. This also requires attention. The papers now published by the Cape of Good Hope Parliament expose the manner in which the combined companies hope to find relief from the troubles above indicated, but not at their own expense.

About the beginning of this year frequent reference was made in the press, many paragraphs appeared concerning an "All-British cable to Australia, *viâ* the Cape, and touching at various places *en route*, which, in return for "certain privileges," would be laid by the companies above mentioned. The nature of these privileges is given in a letter dated March 22nd, 1897, addressed by Mr. J. Denison Pender to the Chancellor of the Exchequer. In this letter, after referring to the demand for "additional telegraphic communication between Great Britain and the Australasian colonies, quite independent of the Mediterranean route," Mr. Pender proposes that the combined companies should provide "cables between England, the Cape, and Australia, touching only at Gibraltar, Sierra Leone, Ascension, St. Helena, Durban, Mauritius, Rodriguez, and Cocos." In consideration of the above, the "privileges" asked for are the following:—£25,000 annually for 20 years from the Imperial Government; an extension by the Australasian Governments, for at least 10 years, of the annual £32,400, which they have been paying to the Eastern Extension Company for the last 19 years; also a present of a double-wire landline (about 1,000 miles long) between Cape Town and Durban, from the Governments of Cape Colony and Natal, a landline which, as the Postmaster-General of Cape Colony points out, is equivalent to a perpetual subsidy of £12,000 per annum. An underground landline service from London

to Cornwall is also to be provided ; this will cost the Imperial Government at least £50,000. In addition to the above, it is stipulated that an annual subsidy of £32,000 for 20 years shall be paid if a branch cable be laid from the Seychelles to Ceylon, touching at Diego Garcia on the way.\* The financial side of the proposal having been set forth, Mr. Pender asks for "an undertaking by the Governments concerned that, for a fixed period, they will not subsidise any opposition line connecting any of the places served at present by the associated companies. On their side, the companies to undertake to increase their cables whenever necessary to meet public requirements. This principle was, to some extent, formally recognised by the Imperial Government, with the approval of the Australasian Colonies, when the Eastern Extension Company's Singapore-Labuan-Hong-Kong cable was laid in 1894." The qualifying words, "to some extent," are very much needed here, as Article 7 in the agreement between Lord Ripon (then Secretary of State for the Colonies), and the Eastern Extension, &c., Company, concerning the Singapore-Labuan-Hong-Kong cable runs as follows :—"Nothing in this Agreement shall affect the right of Her Majesty's Government to grant to the Government of the Dominion of Canada, or of any Colony in Australia, permission to lay, or cause to be laid, a submarine telegraph cable connecting Hong Kong with Canada or with Australia, provided such connection with Canada or Australia be completed within five years from the date of this Agreement, after which date the exception in this Article mentioned shall become null and void."

In Article 4, Her Majesty's Government reserve the right to permit the laying of cables by others, if "such new cables should in the opinion of Her Majesty's Government be found necessary in the public interest of Great Britain, Hong Kong, the Straits Settlement, or Labuan, or in the general interests of international telegraphic communication."

These quotations, as well as the fact that no subsidy is mentioned in the Singapore-Labuan-Hong-Kong cable agreement, show that it is always well to verify references.

This attempt to confirm the existing monopoly of the allied companies would, of course, if successful, have the effect of relieving both the Eastern and South African, and

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\* We hear that the cable between Mauritius and the Seychelles Islands, for the laying of which the Eastern and South African Telegraph Company is receiving a large annual subsidy from the Imperial and Indian Governments, is at present totally interrupted.



the Eastern Extension Companies, from the awkward position in which they at present find themselves. The Eastern and South African Company would be provided—at Government cost—with an efficient service to the Cape and Natal, and would also be freed from the danger of a competing cable. The Eastern Extension Company would no longer have to count with a competing cable from Canada to Australia, and would, besides becoming independent of the rickety landlines across Australia, also ensure the continuance of the colonial subsidy of £82,400 annually, which would otherwise lapse next year. The suggested method of securing a monopoly, although sufficiently efficacious, and reaching the limits of any demand to which England could by any possibility accede, is not so thorough as that adopted by these allied companies in their dealings with other countries. For instance, to secure their interests in China against a competing American cable from San Francisco *viâ* Honolulu and the Spanish islands in the Pacific, the Eastern Extension Company, in return for providing an efficient service to Manila from Hong Kong, (by moving their cable direct into the town) exact from Spain a prolongation for 20 years, of an absolutely exclusive right to lay cables from Manila to Hong Kong, besides the landing rights on all the Spanish possessions in the Pacific. These rights, owing to the result of the war, are probably now of no value.

To turn again to the letters relating to the proposals of the allied companies, we find that, under date of November 12th, 1897, to the Chancellor of Exchequer, the Marquis of Tweeddale repeats in a modified form that portion of Mr. Pender's letter which relates to carrying the cable from Gibraltar to Cape Town (the subsidy figuring at £20,000 per annum), also the request for landlines from London to Cornwall. The clause intended to shut out competition also recurs, but as regards the line to Australia, Lord Tweeddale writes:—

“This proposal, if approved, would leave for after arrangement the continuation of the cables from South Africa to West Australia, and, in the meantime, would provide the best alternative means of strengthening cable communication with our African colonies by a cable landing throughout on British territory only, as well as placing the important islands of Ascension and St. Helena in telegraphic communication with Great Britain.

“The triplication of cable communication with South Africa has been decided upon, not on account of any abnormal development of traffic, but because it has always been the policy of these companies to ensure the maintenance of communication between all points in their system,

more especially between Great Britain and her important colonies; and although it is improbable that with two lines of cable communication between South Africa and Great Britain the telegraph service between these places would ever be totally interrupted for a long period, yet it is considered that with three lines of communication the fear of total interruption would be entirely removed."

The extension from the Cape to Australia is thus shelved for a time. The admission that for satisfactory telegraph service a third line is requisite, quite justifies the opinion expressed in a letter of March 22nd last from the Postmaster-General of Cape Colony, who says, "I would wish to remark that, in my opinion, no subsidy should be given by the Cape in connection with the *revised* scheme, as the traffic receipts at the present time appear to warrant the laying of an additional cable on commercial grounds alone, without the aid of a subsidy from the Cape, or Natal, or any State or colony in South Africa. At all events, if the Eastern Company does not lay a third cable it will be worth while for some other company to do so, and this would lead to competition in rates which would undoubtedly be beneficial to South Africa." The opinion thus expressed by Mr. French in this letter is justified by the information given in his note attached to a telegram from the Agent-General of the Cape to Sir Gordon Sprigg, under date March 9th, from which we quote:—"I have not as yet been able to obtain reliable information as to the total value of the South African cable traffic during the year 1897, but although it will not probably (owing to the depression in the Transvaal) reach the very high total of £300,000 attained in 1896, I have little doubt that it will exceed considerably the limit of £180,000 fixed by the late Sir John Pender as a paying revenue for the existing cables." Mr. French, in this note, also protests against giving a practical monopoly to the Eastern Company, by which they would be in a position to refuse that reduction of the present rates, which will be expected from the company in the near future.

From the evidence given above, and from the notoriously unsatisfactory condition of the lines to the Cape, it seems clear that the Eastern and South African Company and its friends have a duty incumbent on them, not only to provide a third cable, but also to provide it for their own safety; free of subsidy or conditions. The gains from the cable traffic, as pointed out by Mr. French, are more than sufficient to warrant this, and as the only possible alternative route for such a cable is *via* Ascension and St. Helena, it is monstrous that these companies should call on Her Majesty's Govern-



ment for assistance in carrying out a work which their own commercial interests absolutely require.

That these companies are not justified in the claim which they make for State assistance, the following figures will prove up to the hilt. Apart from the revenue derived from traffic, and to which Mr. French makes allusion, the Eastern and South African Company already receives, almost entirely from British sources, subsidies amounting to £88,000 per annum. The African Direct, and West African Telegraph Companies, in which the allied companies are large shareholders, draw from the British and various other Governments, annual subsidies amounting to about £65,000. Thus, altogether, the total at present paid in subsidies to the African cable ring amounts to more than £150,000 yearly; and they have already received in this way, quite apart from their traffic earnings, a sum exceeding £2,000,000.

We do not include here the Eastern Extension Company, which we propose to deal with in a future article, but will only remark that this partner in the scheme we have here exposed, has, during its existence, drawn well over £1,000,000 in subsidies, besides having a reserve fund of more than £800,000 in hand.

That the proposals made by these allied companies were even thought worthy of consideration by a Departmental Committee, appointed by the Treasury, proves nothing beyond the influence which they possess in official circles. We are glad to notice that in the draft instructions to this Committee the following occurs: "The Committee will understand that in no case can an unqualified guarantee against subsidised competition be given."

After the collapse of that part of the scheme which entailed a prolongation of the cable from the Cape to Australia, the Agent-General, in a telegram to the Premier of Cape Colony, asks: "If All-British cable stops at Cape, and proceeds no further, what contribution or subsidy are you prepared to offer—Committee awaits reply." The reply of Sir Gordon Sprigg, dated May 15th last, is perhaps the best which could have been made to the impudent demands of these "sturdy beggars," and runs as follows:—"In letter, December 29th, company offered to lay cable without South African subsidy. As present traffic warrants third cable on basis of revenue laid down by Sir John Pender, feel sure South African contributories to subsidy would not entertain question of increase without satisfactory guarantee regarding reduced rates, as monopolists, company must make concessions to meet legitimate public requirements."

## II.

WE have laid before our readers as concisely as may be, the story of the futile attempts made by the allied companies (the Eastern, Eastern Extension, and Eastern and South African Telegraph Companies), to confirm their monopolies, and to relieve themselves from the impending danger of competition—at the expense of the nation; we have shown how this very prosperous clique has failed in this endeavour, in spite of the sympathetic interest which they have generally managed to inspire amongst a certain class of officials. We omitted, however, to sufficiently emphasise the fact that in the letter to the Chancellor of the Exchequer, dated November 12th, 1897, and in which the Marquis of Tweeddale leaves in abeyance the prolongation of the cable beyond the Cape, to Australia, the clause intended to quash competition is left unchanged. If this clause had been acceded to, it would have prevented the Government from assisting by subsidy, anyone who might desire to compete, on equal terms, with these already subsidised companies, in either Africa, India, China, or Australasia. This absurd request was summarily dismissed in the draft instructions to the Departmental Committee.

Perhaps that portion of the scheme on which we are trying to throw light, which relates particularly to the Eastern Extension Company, is the most interesting. We refer to the suggested prolongation of this cable from the Cape to Australia, which is now for convenience put into the background. We have frequently drawn attention to the delays and interruptions which occur on the Australian landlines, and find support for the views we have so often expressed, in a letter, dated February 25th last, addressed to the Chancellor of the Exchequer by Mr. J. Denison Pender, who, as a director of the Eastern Extension Company, writes with full knowledge of the subject. Mr. Pender, in the course of his letter, writes: "I have the honour to inform you that in consequence of the recent unsatisfactory working of the Australian Government landlines (over which the company have no control) serious complaints have arisen both on this side and in the colonies, and deputations from chambers of commerce and other public bodies have waited on the Postmasters-General of New South Wales and Victoria with a view to ventilating the question and endeavouring to find an effectual remedy.

"The Eastern Extension Company's cables to Australia

are landed at Port Darwin in the northern territory of South Australia, and Roebuck Bay on the north coast of Western Australia, whence landlines belonging to and worked by the Governments of South and Western Australia carry the telegrams to Adelaide. The bulk of the traffic is transmitted by the Port-Darwin Adelaide landline, the long coast line from Roebuck Bay to Adelaide being more or less unreliable. The proposed Cape-Australian cable, by landing at Perth, would cut out the most defective portion of this line, and consequently much shorten and improve the communication. It is, however, contended that the line between Perth and Adelaide, passing, as it does, through a sparsely populated country, would be liable to as much interruption as the Port-Darwin Adelaide line, and to meet this objection the Eastern Extension Company has intimated to the colonies its readiness to extend the proposed cable from Keeling or Perth to Albany, and thence lay a separate cable to Adelaide, thus making the new connection altogether independent of the long landlines complained of." In return for this extension, which will have the effect of seriously decreasing the revenue of the landlines of South and Western Australia, "the company would require the Australasian colonies to continue the existing subsidy of £32,400 per annum for another 20 years, or 10 years longer than the period named in the original proposal." That these landlines are very long, and very bad, no one but an interested colonial Postmaster-general would venture to deny. We have on a previous occasion pointed out that a telegram sent over the landline from Roebuck Bay to Burketown, in Queensland, would (assuming that it ever reached its destination) have to travel over a length of landline greater than the distance between London and Calcutta, or several hundreds of miles more than the distance intervening between London and Vancouver. The admission made by Mr. Pender as to the landline from Roebuck Bay being "more or less unreliable," is only in accordance with the statement made by Mr. Playford, the Agent-General of South Australia, at the Conference held in Ottawa. This unsatisfactory condition of affairs proves that the cable which was laid from Java to Roebuck Bay in 1889, cannot be looked upon as an alternative to the two cables which run from the same point in Java, to Port-Darwin, although it was laid with the intention of assuring communication with Australasia when the Port Darwin cables were broken down.

The Australian colonies, however, do not see the position in the same light as the associated companies, and at the Postal and Telegraphic Conference held in Tasmania in March-April last, at which all the colonies were represented, when

the original scheme of the allied companies was discussed, the two following resolutions were passed :—

"That, in the absence of any satisfactory proposal from the Eastern Extension Telegraph Company, and of any proposal at all except on the basis of an alternative cable *viâ* Africa, this Conference is unable to make any fresh arrangements with that company." Also, "That this Conference re-affirms the opinion that in the interests of Australasia the Pacific cable project should be consummated as speedily as practicable, and that the Governments of the various Australasian colonies be requested to represent to the Imperial and Dominion Governments the foregoing opinion, together with the proposal of the premiers, as agreed to at their recent Conference held in Melbourne, viz., 'That if Great Britain and Canada would each contribute one-third of the cost, the colonies would be prepared to contribute the remaining one-third.'"

In the course of this discussion much dissatisfaction was expressed at the unwillingness of the above-mentioned company to meet the colonies, even to the extent of replying to the plain questions put to them as to arrangements consequent on the approaching expiry of the annual subsidy of £32,400 at present paid to the company by the colonies. In the course of his remarks the Hon. Mr. J. Gavan Duffy said that "They had spoon-fed the company, and the more they fed it the more spoon-fed it wanted to be." A strong feeling in favour of an alternative cable *viâ* the Pacific to Canada was also shown, and in reference to this Mr. Gavan Duffy said : "That project was entertained very fairly, and at one time it seemed as though the line would be immediately constructed. But for some reason or other a blight had come over it, and they did not now hear of it." The cause of this "blight" will bear some examination.

In the first place, it is only right to give the allied companies credit for the manner in which they have so long, and heretofore so successfully, managed to delay the establishment of a competing cable across the Pacific. It is no more than natural that the Eastern Extension Company should strongly object to the lapsing of subsidies, and to the loss of about 50 per cent. of the revenue which they now derive from Australasian traffic, which in 1897 amounted to a total of some £530,000. With this position in view, it is easy to understand the opinion expressed by Sir Sandford Fleming, who, in his very temperate report to the Canadian Government on the evidence given in the Colonial Office before the Pacific Cable Commission at the

end of 1896,\* expresses himself as follows in reference to this company:—

"It may indeed be held that the company has always assumed an attitude of hostility to the aspirations of Canada in respect to the proposed cable, and have for years strenuously opposed all efforts to advance her own and Imperial interests on the Pacific in connection with the union of Australasia and British North America telegraphically. Be that as it may, I can only repeat the view I have often expressed, that if the exigencies of the Empire, as a whole, demand the establishment of a national work which will interfere with the operations of this private company, every reasonable consideration should be extended to that company by those upon whom it has just claims. But it cannot be supposed that the public interests must be entirely set aside in order that the company may for ever continue to receive large dividends. I will again refer to the position of the Eastern Extension Company, and suggest a means by which, as it appears to me, the matter can be adjusted in the spirit of justice and fairness."

Sir Sandford Fleming also points out that "All doubt as to the practicability of laying an electric cable from the western coast of Canada to the Australasian colonies, touching only on islands in the possession of Great Britain, is now entirely set at rest. The best authorities known were examined, and not one of them expressed the least misgiving on this point."

In this report reference is also made to what has been one of the most serious causes of obstruction in the progress of the Pacific cable project. Sir Sandford Fleming writes: "I have pointed out in what respect there is a general agreement in the views expressed by the several gentlemen examined by the Committee. I shall now refer to an extraordinary diversity of opinion. In this diversity I find ranged on one side the agents the Eastern Extension Telegraph Company and two officers of the Post Office Department. On the other side, all the highest authorities on electrical science, together with the managers of two important ocean cables, whose evidence was submitted to the Committee.

"The two officers were Mr. J. C. Lamb, secretary, and

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\* Return to an address of the House of Commons (Canada), dated April 18th, 1893, for a copy of the Report of the Committee appointed by the Imperial Government in 1896 to consider the question of a telegraph cable between Canada and Australasia; also of any reports or correspondence to the Canadian Government from the Canadian representatives on said Committee, or Sir Sandford Fleming in regard to the same subject.



Mr. W. H. Preece, engineer-in-chief and electrician to the General Post Office, London. Their evidence in the main agrees with that of the gentlemen who appeared on behalf of the Eastern Extension Telegraph Company, whose views are adverse to the establishment of the proposed Pacific cable.

"The antagonistic evidence is voluminous. If examined, it will be seen that the gentlemen who submitted it are substantially of one mind on many subjects. The tone and substance of their observations leaves the impression that they do not look upon the Pacific cable as a necessary or desirable undertaking, and that if established as designed, it would be inadequate in capacity and a heavy burden on the public exchequer. I could not venture (here) to take up the time necessary to refute the whole evidence."

Apparently these remarks are principally intended to apply to the preposterous estimate which is contained in a report dated July 5th, 1893, published in the *Proceedings* of the Ottawa Conference. Concerning this estimate, Sir Sandford Fleming writes: "We have thus presented to us the estimate of the officers of the Post Office Department, amounting in all to £3,264,000. The Canadian Government has a *bonâ fide* tender to carry out in a complete and satisfactory manner precisely the same work for £1,517,000.

"What can be said of such a discrepancy as this? I entertain no doubt as to the great ability, the varied information, and the value of the services of these gentlemen. I can only regret that, in my extremely limited knowledge of them, I should be so unfortunate as to be driven to the conclusion that, however important the offices they fill, their importance does not make the occupants of the office infallible. In short, I am constrained to form the opinion that they have made a grave mistake, and that to this mistake, and to the unfortunate letter of Mr. Lamb in which it is contained, may be traced the seeming antagonism to a Pacific cable, which will be found in the evidence recently submitted."

That the adjective which we have used to describe this estimate is quite warranted, will be at once admitted by anyone with technical knowledge who reads the report in question. The mere suggestion that the core of the cable mentioned should have *equal* weights of copper and gutta-percha (940 lbs. of each) is quite enough, without going further into the matter, to show that the report is utterly valueless. It is obvious that such a report as that above referred to, being officially circulated, must have had a most prejudicial effect as far as the Pacific cable project is concerned. We also find that, as far back as September, 1888,

in a minute on a letter from the then Secretary of State for the Colonies (Lord Knutsford) the following occurs, above the signature of Sir Charles Todd, who was then, and still continues to be, Postmaster-General of South Australia:—"In face of the known difficulties arising from coral reefs, and the enormous depth of the Pacific along the route proposed, estimated at 12,000 fathoms in some places," &c., &c. After this display of ignorance of a subject, on which his opinion is conveniently accepted by the Government of South Australia, it is not surprising to find in the same minute the following assertion advanced by Sir Charles Todd:—"As the Government are aware, I have given this subject very great and careful consideration, more so, perhaps, than anyone else." In all probability the reference made by this Postmaster to the "enormous depths of the Pacific" can be traced to a blunder in the evidence given by another Post Office official before the Colonial Conference of 1887. We cannot but attribute a handsome share of the misunderstandings and false reports, to the delay in the survey of the Pacific cable route, which was unanimously recommended by the delegates to the Colonial Conference held in London in 1887, and which is not yet completed. The Hydrographer (Admiral Sir W. J. Wharton) has in his report dated February 28<sup>th</sup>, 1887, 10 years ago! (figures corrected to 1892) expressed himself as follows:—"My general conclusion is that if the Government is to aid in a substantial manner any scheme for multiplying the lines of communication to Australia, it should be in the direction of triplicating, by means of sea cables, those portions of the existing route which are now duplicated by foreign landlines."

In view of such an opinion it is not surprising to find that the survey recommended by the Colonial Conference is of slow accomplishment. We may say here that when the Hydrographical Department of the United States undertook the survey for the American cable, soon to be laid from San Francisco to Honolulu, the work (about a third of that required for the Pacific cable scheme) was very fully carried out in three months.

Besides these serious stumbling blocks in the way of the Pacific cable, we must remember that in some of the Conferences held, some of the representatives had no special or technical knowledge of the subject; thus we find that in the Colonial Conference in Ottawa in 1894, the Hon. Thomas Playford, representing South Australia, emphatically asserts (and this after having been corrected) ? that no soundings from San Francisco to Honolulu had been taken since 1887,

which proved that he was quite uninformed of the very complete series of soundings taken by the United States Government in 1892-93 for the San Francisco-Hawaii cable, a matter vitally affecting the subject on which he was supposed to speak with intelligence.

Added to such misconceptions, arising from insufficient or incorrect information, we should not omit to say that the Australian colonies have from time to time been quite satisfied with the reductions of rates which they have received, by using the leverage of proposing to support the Pacific cable; but that after each reduction they have ceased to interest themselves in the project. That the reductions were quite justifiable is proved by the steady increase of the revenue of the company concerned. For information regarding the financial position, revenue, &c., of the Eastern Extension Company, we refer our readers to an analysis made by Sir Sandford Fleming, which we published last week. In conclusion, we would express a hope that the allied companies will not be permitted in any way to close the doors on the progress of telegraph enterprise. Besides the large revenues derived from traffic, these companies, together with others in which they are interested, have already received in subsidies, guarantees, &c., a sum in excess of £3,000,000, and it would be extremely unwise to still further strengthen against competition the position of these "spoon-fed" monopolists.

## Reduction of Cable Rates to Australia.

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THE following extract from a Sydney paper, *The Daily Telegraph*, just to hand, shows the present position as regards the proposed reduction of rates:—"The subsidy paid by the Australian colonies, with the exception of Queensland, to the Eastern Extension Company amounts to £32,000 per annum. The contract expires before the end of the year. At the Hobart Conference the question of a reduction in the rates came up for consideration, and it was decided that efforts should be made to secure this end. From the correspondence published below, and which has been furnished by the Postmaster-General (Mr. Cook), it will be seen that the company decline to discuss the question excepting on the basis of the colonies subsidising the new Cape cable. The reduction asked for is from 4s. 9d. per word to 4s., but an intimation has been received that the company are waiting before entertaining the proposal for the Governments of the Australian colonies to definitely decline to consider the proposals with regard to the Cape route. Mr. Cook states that so far as he knows the Governments have already decided on that point, and against the proposal. This was at the Premier's Conference in Melbourne. Under these circumstances the attitude of the company appears to the Postmaster-General to be, as he describes it, somewhat extraordinary. At the same time, he wishes the public to understand that every effort has been made to secure a reduction in the cable rates, irrespective of the Cape cable project, but so far without success. The following is the correspondence referred to:—

"Postal and Electric Telegraph Department, General Post Office, Sydney, April 14th, 1898.—Sir,—Referring to the understanding at Hobart last week that you would communicate further with your company in England regarding the question of a new agreement and reduction of cable rate between Australia and Great Britain, I am directed by the Postmaster-General to inquire whether the company is prepared to make any fresh proposals, irrespective, of course, of

those in connection with the projected South African route.—I have, &c., S. H. Lambton, Deputy Postmaster-General.

“W. Warren, Esq., Manager in Australasia, E.E.A. and C. Telegraph Company, Limited, Melbourne.”

“The Eastern Extension, Australasia, and China Telegraph Company, Limited, Melbourne, April 20th, 1898.—Sir,—In acknowledging the receipt of your letter of the 14th inst., I have the honour to state that I made no promise to the honourable the Postmaster-General to communicate further with the company regarding the question of a new agreement and reduction of the cable rate. In reply to his inquiry, I am directed to say that the company have no further proposals to make other than those already submitted to the respective colonies for an alternate route *via* the Cape, and now await their decision respecting the same.—I have, &c., W. Warren, Manager in Australasia.

“S. H. Lambton, Esq., Deputy Postmaster-General, Post Office, Sydney.”

In reply to further representations by Mr. Cook, Mr. Warren wrote on June 9th as follows :—

“Sir,—I have the honour to acknowledge the receipt of your letter, No. B2/98—2222, of the 8th inst., and to reply to state that my company cannot offer any opinion or advice respecting the proposal for reducing the tariff to 4s. until the Australian Governments definitely decide whether they will, or will not, take part in the Cape cable scheme. Should they definitely decide in the negative, my company will then be prepared to consider any proposals that may be submitted for a 4s. tariff.—I have, &c., W. Warren, Manager in Australasia.” The following extract from an enclosure to a letter from Sir Sandford Fleming to Sir Wilfred Laurier, dated Ottawa, December 28th, 1897, with regard to the Eastern Extension Company, will be interesting :—

“The Eastern Extension Company represents a combination of associated companies engaged in telegraph transmission between England and Australasia. The lines of the company comprise those of three amalgamated companies :—(1) The ‘British Indian Extension,’ from Madras to Singapore, with a share capital of £460,000. (2) The ‘British Australian,’ from Singapore to Australia, with a share capital of £540,000. (3) The ‘China Submarine,’ from Singapore to Hong Kong and Shanghai, with a share capital of £525,000. The combined share capital of these three companies amounted to £1,525,000. On their amalgamation the united share capital, by a well-known process of ‘watering’ to the extent of £472,500, was increased



nominally to £1,997,500. The united company, since known as the Eastern Extension, Australasia, and China Telegraph Company, Limited, has been exceedingly prosperous; it has paid 7 per cent. on the enlarged capital, equal to 9 per cent. on the original capital. An examination of the published statements establishes that it has, in addition, expended out of the profits earned, no less a sum than £1,571,540 on extensions and other productive works, and there remains unexpended and undivided to-day a reserve of surplus profits amounting to £804,193. These figures establish that the Eastern Extension Company has become a remarkably profitable investment. It regularly pays good dividends, but the dividends are no guide to the profits made. It holds in reserve undivided profits far exceeding in amount the whole value of its cables between Asia and Australia. The accounts of the company for 1896 and the first half of 1897 show that the net profits actually earned during these periods amounted to 13 per cent. on the present capital, and 17 per cent. on the capital prior to its being watered."

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**Side Lights on Cable Routes.**—In the *Melbourne Argus* of August 26th we notice a long article (No. 1) under the heading of "The Proposed Pacific Cable." We do not intend to criticise this, as it is simply a *rechauffé* of the objections and misleading statements which those who are interested in opposing the laying of a cable across the Pacific take every opportunity of publishing for the consumption of the colonial public, who have not had the opportunity of acquiring a proper insight into the matter. This knowledge might have been in their hands had the proceedings of the Commission of Inquiry, held in the Colonial Office at Downing Street at the end of 1896, been presented to the House of Commons. The supposed analysis of the Pacific scheme now being published in Australia is, as has previously been the case, utterly misleading, and evidently springs from a biased source.—*Electrical Review*, October 7th, 1898.

